

Order Number  
DHC-HOB  
505

API Number  
30-025-40749

Operator  
Quantum Resources Mgr

County  
Lea

Order Date  
11-9-12

Well Name  
Encore M State

Number  
7

Location  
D  
UL

Sec  
20

T (+Dir)  
22S

R (+Dir)  
37E

Pool 1

6660

Blinebry O+G

Oil %  
33%

Gas %  
33%

Pool 2

19190

Drinkard

33%

33%

Pool 3

62700

Wantz - Abo

33%

33%

Pool 4

Comments:  
Posted in RBDMs 11-9-12 CHM

30-025-40749  
DHC-HOB-505

DOWNHOLE COMMINGLE CALCULATIONS:

OPERATOR: Quantum Resources Management

PROPERTY NAME: Encore m State

WNULSTR: 7-D-20-225-37E

SECTION I:	ALLOWABLE AMOUNT
POOL NO. 1 <u>Blinebry</u>	<u>107</u> <u>428</u> MCF
POOL NO. 2 <u>Drinkard</u>	<u>142</u> <u>852</u> MCF
POOL NO. 3 <u>Wantz - Abo</u>	<u>187</u> <u>1122</u> MCF
POOL NO. 4 _____	_____ MCF
POOL TOTALS <u>436</u> <u>2402</u>	

SECTION II:	<u>Dil</u>	<u>Gas</u>
POOL NO. 1 <u>Blinebry</u>	<u>33%</u>	<u>33%</u>
POOL NO. 2 <u>Drinkard</u>	<u>33%</u>	<u>33%</u>
POOL NO. 3 <u>Wantz - Abo</u>	<u>33% x 436 = 143.88</u>	<u>33%</u>
POOL NO. 4 _____	<u>&lt;144&gt;</u>	

<u>OIL</u>	<u>GAS</u>
SECTION III: <u>33% ÷ 187 = 567</u>	_____

SECTION IV:	
<u>33% x 567 = 187.11</u>	<u>&lt;187&gt;</u>
<u>33% x 567 = 187.11</u>	<u>&lt;187&gt;</u>
<u>33% x 567 = 187.11</u>	<u>&lt;187&gt;</u>

Submit 1 copy to appropriate District Office  
District I - (575) 393-6161  
1625 N. French Dr., Hobbs, NM 88240  
District II - (575) 748-1283  
811 S. First St., Artesia, NM 88210  
District III - (505) 334-6178  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV - (505) 476-3460  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources

Form C-103  
October 13, 2009

HOBBS OGD

NOV 08 2012

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.  
Santa Fe, NM 87505

WELL API NO. 30-025-40749
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Encore M State
8. Well Number 007
9. OGRID Number 243874
10. Pool name or Wildcat Blinebry Oil & Gas (Oil) & Drinkard & Wantz. Abo

SUNDRY NOTICES RECEIVED REPORTS ON WELLS  
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS)

1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>
2. Name of Operator Quantum Resources Management, LLC
3. Address of Operator 1401 McKinney St., Suite 2400 Houston, TX 77010
4. Well Location Unit Letter <u>D</u> <u>468</u> feet from the <u>North</u> line and <u>300</u> feet from the <u>West</u> line Section <u>20</u> Township <u>22S</u> Range <u>37E</u> NMPM County <u>Lea</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3404'

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐  
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐  
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐  
DOWNHOLE COMMINGLE ☒

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐  
COMMENCE DRILLING OPNS ☐ P AND A ☐  
CASING/CEMENT JOB ☐

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

The above-mentioned well will be DHC'd in the Blinebry Oil & Gas (Oil) (06660), Drinkard (19190), and Wantz;Abo (62700) pools as allowed by Order R-11363.

Blignebry perfs - 5489-5612' & Drinkard perfs - 6466-6690' & Abo perfs - 6752-6800'. It will be a fixed allocation 33 1/3% oil & gas per pool.

Commingling the above-mentioned pools will not reduce the total remaining production value.

All working, royalty and overriding royalty interests are identical in the three commingled zones.

A copy of this C-103 has been sent to the State Land Office.

Spud Date: 10/7/12 Rig Release Date: 10/25/12

DHC-HOB-505

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Yolanda Perez TITLE Regulatory Supervisor DATE 11/07/12  
Type or print name Yolanda Perez E-mail address: yperez@qracq.com PHONE: 713-634-4696

For State Use Only

APPROVED BY: Matey Brown TITLE Compliance Officer DATE 11/9/2012  
Conditions of Approval (if any):

NOV 14 2012

District I  
1625 N. French Dr., Hobbs NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised June 10, 2003  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number		<sup>2</sup> Pool Code 62700	<sup>3</sup> Pool Name Wantz; Abo
<sup>4</sup> Property Code 307932	<sup>5</sup> Property Name ENCORE M STATE		<sup>6</sup> Well Number 009
<sup>7</sup> OGHD No. 243874	<sup>8</sup> Operator Name Quantum Resources Management, LLC		<sup>9</sup> Elevation 3404'

<sup>10</sup>Surface Location

UL or lot no.	Section	Township	Range	Lot kin	Feet from the	North/South line	Feet from the	East/West line	County
D	20	22 S	37 E		468	North	300	West	Lea

<sup>11</sup>Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot kin	Feet from the	North/South line	Feet from the	East/West line	County
<sup>12</sup> Dedicated Acres		<sup>13</sup> Joint or Infill		<sup>14</sup> Consolidation Code		<sup>15</sup> Order No. DHC-HOB 505			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	ENCORE M STATE No. 9 Elev. 3404' NAD 83 NM East N= 505053 E= 893467 NAD 83 Lat. = 32° 22' 59.87" Long.= 103° 11' 33.54"			16	<p><b><sup>17</sup>OPERATOR CERTIFICATION</b></p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><i>Yolanda Perez</i> Signature</p> <p>Yolanda Perez Printed Name</p> <p>Regulatory Supervisor yperez@qracq.com Title and E-mail Address</p> <p>08/29/12 Date</p>
					<p><b><sup>18</sup>SURVEYOR CERTIFICATION</b></p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>8-08-2012 Date of Survey</p> <p>Signature and Seal of Professional Surveyor</p> <p><i>Michael L. Stanford</i> Signature</p> <p>10324 Certificate Number</p>

4.3 Miles SW of Eunice, New Mexico.

File No. A-7088

District I  
1626 N. French Dr., Hobbs NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Rd., Artesia, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised June 10, 2003  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number		<sup>2</sup> Pool Code 19190		<sup>3</sup> Pool Name Drinkard	
<sup>4</sup> Property Code 307932		<sup>5</sup> Property Name ENCORE M STATE			<sup>6</sup> Well Number 009
<sup>7</sup> OGHD No. 243874		<sup>8</sup> Operator Name Quantum Resources Management, LLC			<sup>9</sup> Elevation 3404'

<sup>10</sup>Surface Location

UL or lot no.	Section	Township	Range	Lot kin	Feet from the	North/South line	Feet from the	East/West line	County
D	20	22 S	37 E		468	North	300	West	Lea

<sup>11</sup>Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot kin	Feet from the	North/South line	Feet from the	East/West line	County
<sup>12</sup> Dedicated Acres		<sup>13</sup> Joint or Infill		<sup>14</sup> Consolidation Code		<sup>15</sup> Order No. DHC-HOB-505			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	ENCORE M STATE No. 9 Elev. 3404' NAD 83 NM East N= 505053 E= 893467 NAD 83 Lat. = 32° 22' 59.87" Long.= 103° 11' 33.54"			16	<p><b><sup>17</sup>OPERATOR CERTIFICATION</b></p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><i>Yolanda Perez</i> Signature</p> <p>Yolanda Perez Printed Name Regulatory Supervisor yperez@qracq.com Title and E-mail Address</p> <p>08/29/12 Date</p>
					<p><b><sup>18</sup>SURVEYOR CERTIFICATION</b></p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>8-08-2012 Date of Survey</p> <p>Signature and Seal of Professional Land Surveyor</p> <p><i>Michael L. Stanford</i> Signature</p> <p>10324 Certificate Number</p>

4.3 Miles SW of Eunice, New Mexico.

File No. A-7068

District I  
1825 N. French Dr., Hobbs NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Bravos Rd., Artesia, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised June 10, 2003  
Submit to Appropriate District Office  
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☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number	<sup>2</sup> Pool Code 6660	<sup>3</sup> Pool Name Blinebry Oil & Gas (Oil)
<sup>4</sup> Property Code 307932	<sup>5</sup> Property Name ENCORE M STATE	<sup>6</sup> Well Number 009
<sup>7</sup> OGHD No. 243874	<sup>8</sup> Operator Name Quantum Resources Management, LLC	<sup>9</sup> Elevation 3404'

<sup>10</sup>Surface Location

UL or lot no.	Section	Township	Range	Lot Mn	Feet from the	North/South line	Feet from the	East/West line	County
D	20	22 S	37 E		468	North	300	West	Lea

<sup>11</sup>Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Mn	Feet from the	North/South line	Feet from the	East/West line	County

<sup>12</sup>Dedicated Acres <sup>13</sup>Joint or Infill <sup>14</sup>Consolidation Code <sup>15</sup>Order No. **DHC-HOB-505**

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<p>ENCORE M STATE No. 9 Elev. 3404' NAD 83 NM East N= 505053 E= 893467 NAD 83 Lat. = 32° 22' 59.87" Long.= 103° 11' 33.54"</p>				<p><b><sup>17</sup>OPERATOR CERTIFICATION</b> <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>  Signature Yolanda Perez Printed Name Regulatory Supervisor yperez@qracq.com Title and E-mail Address 08/29/12 Date</p> <p><b><sup>18</sup>SURVEYOR CERTIFICATION</b> <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i> 8-08-2012 Date of Survey Signature and Seal of Professional Surveyor  10324 Certificate Number</p>

4.3 Miles SW of Eunice, New Mexico.

File No. A-7088